

Message Text

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43

ACTION XMB-04

INFO OCT-01 EA-06 ISO-00 EB-07 COME-00 TRSE-00 ERDA-05

OES-03 FEAE-00 L-03 /029 W
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R 251007Z JUN 75

FM AMEMBASSY MANILA
TO SECSTATE WASHDC 4839

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E.O. 11652: GDS

TAGS: EFIN, ETRD, ENRG, RP

SUBJECT: NUCLEAR POWER -- EXIM FINANCING

1. EXECUTIVE SECRETARY MELCHOR REPORTS THAT PHIL TEAM HAS RETURNED FROM RECENT WASHINGTON TALKS WITH EXIM BEARING VERY BLEAK PROSPECTS OF NUCLEAR POWER FINANCING. IN TECHNICAL TALKS BETWEEN REVANZO AND SAUER, MELCHOR STATES PROPOSAL WAS PUT FORWARD BY EXIM TO (A) FINANCE ONLY 30 PERCENT OF U.S. GOODS AND SERVICES; (B) PERMIT EFFECTIVELY ONLY ONE UNIT TO BE BASED ON EXIM FUNDING; OR (C) REQUIRE SUCH WIDE SPACING IN TIME (OVER 18 MONTHS) THAT TWO UNIT PACKAGE SAVINGS WOULD NOT BE POSSIBLE; AND (D) ADD AN EXTRA 1/4 POINT CHARGE ON THAT THE COST EXIM GUARANTEED PORTION OF FINANCING. MELCHOR CONCLUDES AMORTIZATION PROBLEMS ALREADY FACED BY THIS PROJECT ARE COMPOUNDED BY THE PROSPECT OF THE LARGE RATIO OF COMMERCIAL FINANCING TO TOTAL COST MADE NECESSARY BY THE VERY LIMITED EXIM PARTICIPATION.

2. COMMENT AND ACTION REQUESTED: EMBASSY UNDERSTANDS THAT DUE TO GLOBAL COST/PRICE CHANGES EXIM MAY FIND THIS PROJECT A RATHER LARGE CALL ON TOTAL RESOURCES. SUCH WILL BE TRUE FOR ANY NUCLEAR PROJECT AT THIS TIME. IT IS EVEN SO, A CONSIDERABLE DISAPPOINTMENT TO THIS EMBASSY, AFTER THE LONG AND SOMETIMES PAINFUL EFFORT WE HAVE MADE TO SECURE GOP'S NUCLEAR POWER BUSINESS, TO LEARN THAT OUR BEST OFFER IS AT THE POOREST END OF WHAT PHILS REASONABLY

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WERE LED IN EXIM CORRESPONDENCE TO EXPECT. IT IS

SALT IN THAT WOUND TO PERCEIVE THAT SUCH AN OFFER -- THE FIRST
WE REALLY HAVE MADE -- IS PROBABLY NON-COMPETITIVE AT THE
START. IF DEPARTMENT OR EXIM CAN SHED MORE FAVORABLE LIGHT
ON OUR COMPETITIVE PROSPECTS THAN FOREGOING ALLOWS, EMBASSY
WOULD BE DELIGHTED. ON THEORY THAT SUCH IS NOT SO, HOWEVER,
WOULD APPRECIATE
ANY INDICATIONS AS TO HOW OUR OFFER MIGHT BE MADE PALATABLE
ENOUGH TO OVERCOME DEEP AND HIGH LEVEL GOP DISAPPOINTMENT,
AND, OF COURSE, TO SECURE THIS VERY LARGE PIECE OF BUSINESS
FOR U.S. FIRMS.

PURNELL

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Message Attributes

Automatic Decaptoning: X
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Draft Date: 25 JUN 1975
Decaption Date: 01 JAN 1960
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Margaret P. Grafeld
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